

REFORMS AND THEIR STATUS

DEVELOP A TEAM COMMITTED TO EXPEDITED PROJECT DELIVERY

REFORM I: Ensure efficiency and accuracy through strong management direction

Develop a strategic plan that will serve as a roadmap for WSDOT. It will identify specific outcome measures and leading indicators to support each of the agency's goals.

PROGRESS: WSDOT is preparing its annual Results WSDOT "Moving Washington Forward" progress report, which is scheduled to be released in January 2016. This year's report will have a more detailed focus on the agency's Strategic Plan work at all levels, with continued emphasis on greater community involvement and partnerships, agency efficiency and innovation, and a multimodal approach to transportation system capacity. The report provides highlights and a summary of progress on the plan's 23 strategies and the tasks identified to implement the plan. All strategies are on track to achieve their defined results.

REFORM II: Reward innovation in cost effective design and construction management

Evaluate options for rewarding innovation in design and construction incentives, develop a contractual approach to allow Alternative Technical Concepts (ATC) during bidding and evaluate concepts to allow contractor-led value engineering and constructability reviews.

PROGRESS: WSDOT considered developing contractual language for an ATC process that could be used on Design-Bid-Build projects. Current state law prohibits this practice, so legislative changes would be needed. Our industry partners (specifically the Association of General Contractors) had concerns about making the needed legislative changes. We are continuing to work with industry on this topic, but have not made further progress.

In an effort to promote innovation and reward cost-saving ideas developed by our contractors, WSDOT recently added

contract language to the Standard Specifications to address Value Engineering Change Proposals (VECPs) on Design-Bid-Build projects. While this is not a new concept, VECP specifications were just recently added to our construction contracts. As an example of how VECP's are being used on our projects, I-5 M Street to Portland Ave – HOV has approved three VECP's. One of the VECP's allowed the contractor (Kuney Construction) to salvage and repurpose some existing retaining walls, ultimately resulting in a significant reduction in the amount of wall that was constructed. WSDOT and the contractor split a \$600,000 savings.

WSDOT frequently uses the expertise of our industry teams to review the constructability of our projects during design. Teams established with both the AGC and the Association of Drilled Shaft Contractors are instrumental in providing feedback on our designs and identifying ways to modify the designs to make them faster and less costly to construct. These teams are also a great resource for reviewing projects that incorporate new or innovative materials and technologies.

REFORM III: Develop workforce

Make a development plan and explore cost-effective ways to address: Workforce Development – staff training in best industry practices; Leadership Development and Succession Planning – preparing employees with high potential for future executive-level positions; retraining talent within the agency; and, Internship Programs – actively recruit interns for entry-level engineering positions.

PROGRESS: WSDOT's Develop Workforce reform team has identified important components of organizational and individual development. They include management training options from entry to executive level. As a result, WSDOT sent four people to the 2015 American Association of State Highway Transportation Officials (AASHTO) National Transportation Institute at Indiana University. The extensive two-week graduate-level training provided fundamentals, as well as more sophisticated concepts and practices in leadership.

WSDOT also sent 42 managers to the 2015 AASHTO National Transportation Management Conference. The conference introduced participants to the tools, techniques and best practices needed for effectively leading people and projects. WSDOT has also trained nearly 500 entry-level-management employees who are new to their supervisory roles. Each attendee develops an individual development plan in the areas they have identified as needing growth.

Lastly, WSDOT has sought to implement a few initiatives that would support leadership and succession planning by preparing people for future roles through training in the following areas:

- Civility and Respect in the workplace
- “Aspiring Leadership” and “Dare to Lead” for individuals thinking about taking on a supervisory role
- Training over 100 employees on Leading at the Speed of Trust
- Using self-assessment tools for teams and individuals to foster further growth and development with Four Lenses and CPI 260

REFORM IV: Increase opportunities for disadvantaged business enterprise (DBE)

Take actions to maximize disadvantaged business enterprise participation in WSDOT projects, identifying areas and processes where reform is necessary.

PROGRESS: New DBE specifications went into effect and were included in projects awarded after August 1, 2015. Key items include:

- Prime is obligated to provide notice if subcontractor payments are deferred
- Absent resolution by the next estimate, the money is further deferred from the prime contractor
- The project engineer takes responsibility for DBE participation changes that result from owner-initiated changes
- The project engineer is responsible to make sure that records of contractor payments is made available to interested parties in a timely manner

Contractor performance evaluations have also been changed to highlight the importance of DBE compliance. This includes how the rating is applied and escalating consequences for a pattern of noncompliance.

Finally, the Office of Equal Opportunity facilitated, and the State Construction Office created and presented a class for

DBE contractors regarding contract administration issues. The class emphasized actions and submittals necessary for payment. Two office engineers from Northwest Region also attended to give their perspective.

IMPLEMENT PROGRAMS THAT SAVE MONEY AND MITIGATE RISK

REFORM V: Implement Practical Design

Implement a new approach to developing projects

that targets transportation solutions for the lowest cost, assesses all components of project design at its earliest stages and engages local stakeholders to define scope to ensure their input is heard at the right stage of project design.

PROGRESS: WSDOT’s recent efforts to implement Practical Design have focused on development of design guidance, training and oversight of Connecting Washington projects:

- A major update to WSDOT’s Design Manual was published in fall 2015. The update supports implementation of practical solutions by providing clear guidance on refining project need, using context and community input to inform design decisions and documenting decisions in a way that reflects our renewed focus on project performance.
- Practical solutions training is focused on three areas: project development with a practical solutions approach, multimodal design and Highway Safety Manual implementation. The practical solutions training office is now staffed and the procurement for an instructional design consultant has been completed. The training team has amassed a “reservoir” of training content materials from subject matter experts and is in the process of incorporating materials into training curriculum. The first pilot courses will be offered in December and January with full deployment anticipated in the first quarter of 2016.
- Secretary Peterson convened a committee that includes all region administrators and key HQ senior managers to review all Connecting Washington projects. The committee offers a forum for learning and sharing approaches for practical solutions. It also reviews opportunities for cost savings and discusses approaches for stakeholder and community engagement.

REFORM VI: Strengthen quality assurance protocols for increased accountability

Create an independent audit verification program; streamline quality assurance guidance utilizing Lean principles; and, create a quality assurance manager position to assure our quality assurance program is being effectively implemented.

PROGRESS: The Quality Assurance and Transportation System Safety Divisions have met with the state design engineer to discuss quality assurance (QA) and control (QC) practices for project development activities. The Project Development Division is currently reviewing and preparing a status update on QA/QC activities for submittal to the Quality Assurance Division.

The Quality Assurance Division is reviewing SR 520 quality audit documentation and held a related meeting with their quality lead. Meetings have also been held with the Rail Division quality lead and QA/QC procedural documents have been provided to the division for review. Numerous quality and risk reviews of design manual chapters, research reports and data have occurred.

REFORM VII: Expand and strengthen construction contracting methods and protocols

Evaluate options for rewarding innovation in design and construction incentives, develop a contractual approach to allow Alternative Technical Concepts (ATC) during bidding and evaluate concepts to allow contractor-led value engineering and constructability reviews.

PROGRESS: Work is underway with WSDOT's first General Contractor/Construction Manager (GCCM) project (Multimodal Terminal at Colman Dock). Hoffman Pacific JV has been selected as the GCCM and is working with Washington State Ferries and the Engineer of Record on design development.

The State Construction Office submitted GCCM legislation for the 2015 and 2016 legislative sessions. There has been some concern from our industry partners (specifically the AGC) on WSDOT's pursuit of legislative authority. Based on these concerns, WSDOT has not pushed this legislation forward. Discussion with the industry continues through outreach with various groups.

Even without legislative authority to develop a GCCM delivery program, WSDOT can pursue GCCM delivery through the Project Review Committee (PRC), which is a subcommittee of

the Capital Projects Advisory Review Panel (CPARB). The PRC review process is simple and straightforward, and was used successfully to get approval to deliver the Multimodal Terminal at Colman Dock using GCCM. Until such time as WSDOT has GCCM legislative authority, our plan is to get GCCM project approval through the PRC.

To further WSDOT's involvement in alternative contracting, our state construction engineer has been attending and participating on CPARB and PRC committee meetings. He is currently participating on two CPARB subcommittees, one focused on Design-Build best practices and the other on Public-Private Partnerships.

The State Construction Office and State Design Office have completed and are implementing a system called the Project Delivery Method Selection Guidance. This system provides a framework by which all WSDOT projects will be evaluated to insure the most appropriate contracting method (Design-Bid-Build, Design-Build or General Contractor/Construction Manager) is selected. We are currently in the process of training our employees on the system's use.

REFORM VIII: Implement vessel construction and maintenance improvements suggested by State Auditor's Office (SAO) and develop cost-effective protocols to staff every scheduled ferry sailing

Strengthen five leading practices identified in a SAO audit and actively recruit for positions to staff up to the appropriate level.

PROGRESS: Washington State Ferries' (WSF) efforts to address staffing challenges included:

- Hired eight Able Bodied Seamen (A/B) and accelerated the annual summer hiring process for Ordinary Seamen (O/S) resulting in 59 entry-level deckhands.
- To increase the number of A/Bs, WSF has continued a paid-training program for current employees to obtain their A/B tickets, resulting in 32 qualified A/Bs.
- To increase the fully-qualified pool of Masters, Mates and Pilots (MMP) personnel, WSF has recruited four Port Captain Interns from a maritime academy, recruited six IBU employees that have successfully completed a MMP Training Program and signed a Memorandum of Agreement to utilize partially-qualified mates to fill 2nd Mate positions.
- Continued its 2nd Mate orientation and training program to qualify mates and rehired a previously employed, qualified deck officer for the summer season.

- Initiated a paid training program to enable personnel to obtain a Mates and 1st class Pilots License.
- Initiated a program that allows pilotage riders to get their interconnecting trips late at night when vessels are out of service.
- Recruiting at California Maritime Academy for future Mates and Masters.

These efforts are expected to mitigate WSF's critical deck officer shortage. These training initiatives will also increase the ranks of marine employees qualified to fill positions needed for reliable service.

Regarding vessel construction, WSF will be issuing a Notice to Proceed in December 2015 for construction of the fourth Olympic Class vessel. The contract is a fixed price contract and design is complete.

ESTABLISH COST-EFFECTIVE AND EFFICIENCY MEASURES TO IMPROVE PERFORMANCE

REFORM IX: Lean, more cost-effective operations
Remove duplicative tasks or unnecessary steps;
training employees in Lean management with a goal
of identifying areas where cost savings can be gained
and work can be done more efficiently.

PROGRESS: WSDOT has initiated 70 Lean projects since 2012 to improve the effectiveness of processes and better meet customers' needs.

Thirty-two projects are being tracked and WSDOT has completed 38 projects that are now in "maintenance" phase. WSDOT established a centralized Lean Office in September 2014 that actively champions the agency's Lean efforts and culture of continuous improvement. WSDOT's Lean Office trains and equips employees and leaders in their roles and needed skills. It also promotes consistent application of Lean across WSDOT by providing standard processes, materials and tools. The agency currently has 70 WSDOT Lean practitioners, with at least one Lean representative designated for every

WSDOT region and division. More than 1,600 employees have received introductory Lean training since January 2015.

REFORM X: Streamline tolling operations, costs and efficiencies

Reducing overhead and eliminating duplicative tasks to make tolling operations more efficient and cost effective; implementing Lean practices, reviewing contracting methods, improving toll collection efficiency and evaluating toll-facility planning.

PROGRESS: The Toll Division completed several customer service improvements including redesigning toll bills and envelopes and improving the "returned mail" processing, which resulted in earlier resolution of toll bills and fewer customer issues. Following a WSDOT and Department of Licensing Lean review, improvements made to the vehicle registration hold program has resulted in a reduction in the amount of time a customer spends resolving licensing issues, and an increase in the number of registration holds resolved. Improvements to the civil penalty process, with the goal of resolving underlying customer challenges, is planned for release in early fiscal year 2016. These changes are expected to reduce late toll payment and improve collections of unpaid tolls.

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